

Irby/Finance Committee Meeting

Thursday, January 15, 2015

The Irby/Finance Committee met on January 15, 2015 at 9:00 AM at The Presbytere.

Members present: Robert A. Barnett (arrived late at 9:25 am); Michael M. Davis; Kevin Kelly; Lawrence N. Powell, Ph.D.; and Philip Woollam

Staff present: Yvette Cuccia, Mark Tullos, Celestine Washington and Robert E. Wheat

Also in attendance: Ms. Marianne Lewis and Ms. Alex Pazulinez

A quorum was not present.

1. Call to Order

Mr. M. Davis called the meeting to order at 9:20 AM. (As there was no quorum, this part of the meeting is not an official meeting).

2. Motion to Adopt the Agenda

The location of the meeting was moved due to an unforeseen, emergency plumbing situation at the Old U.S. Mint. The Members specifically asked that the Minutes reflect that LSM personnel were present at The Mint to direct any members of the public to the new location and that transport vehicles were available for use. Motion to Adopt the Agenda MOVED by Mr. Woollam, seconded by Dr. Powell. There were no comments from the public. All in favor. In addition, the items on the agenda were asked to be re-ordered by Mr. Davis as follows: 1, 2, 5, 4, 3. Motion to Amend the Agenda MOVED by Mr. Woollam, seconded by Dr. Powell. There were no comments from the public. All in favor.

3. 519 St. Ann, 2nd floor – tenant addition request

Mr. Lambert, one of the residential tenants at 519 St. Ann, 2nd floor, issued a written request to add his daughter to the lease as a Permanent Occupant, and revise lease accordingly. Mr. Woollam recommended to the full Board, seconded by Dr. Powell, to approve the addition of Emily Rene Lambert as Permanent Occupant at 519 St. Ann Street, 2nd floor.

Recommendation unanimously approved.

4. Request for rent abatement/waiver of overage payments – 808 Chartres Street

Mr. Barnett joined the meeting. A quorum was now present. (Official meeting now begins).

Ms. Lewis, Manager of *Violet's Clothing Boutique*, attended the meeting and spoke. She distributed documentation showing that its December, 2014 sales were down 22% from last

year, whereas its other store's sales in the Lower Pontalba building, *Jackie's*, are up this year. She said with the scaffolding and plywood in front of *Violet's*, one must be enticed to enter its store. Its loyal repeat customers have been a saving grace during this time. The store relies heavily on foot traffic. It also lost over \$15,000 in gross sales in November, 2014. Those are big numbers to absorb. The tenant is asking the Irby/Finance Committee to assist in some sort of abatement for rent and percent overages payments. She has had to cut some store hours and still has an SBA loan from Katrina. She would like to get a cut on rent for the months affected, which was November, 2014 through January, 2015. Ms. Lewis was just told that the scaffolding is set to come down Monday, January 19. However, there is still water proofing to be done and everything should be completely free and clear by January 29.

The rent was \$2,141 for November and December and it increased to \$3,000 in January, plus the CAM (common area maintenance fee). In addition, Ms. Lewis requested a waiver on overages paid to the Irby fund for the months of November, 2014 – January, 2015. Mr. Kelly asked if sales are exceeding 8% of gross sales, why is Ms. Lewis requesting the rebate(s). Anything over 8% of gross sales is lagniappe. Mr. Barnett said we need to look at two things: 1) are sales meeting the base rent and the answer is 'yes' and, 2) he thinks the issue of abatement should be confined to overage only. Ms. Lewis said she could compromise there.

Mr. Kelly said he doesn't see how the waiver of overages is even a fair request. Ms. Lewis said cost of goods can be 15-20% of sales and it has not been a loss as much as a loss of profit. She said she is willing to ask for a forgiveness of overages only for the affected months. Ms. Washington asked if *Violet's* had to lay off anyone and Ms. Lewis said she cut one full-time person down to part-time. She also has not hired someone she was planning on hiring.

Ms. Pazulinez said if they had known the extent of the scaffolding in advance, perhaps they could have ordered less merchandise.

Both Ms. Lewis and Ms. Pazulinez said they see this more as a show of support from the Museum.

Mr. Barnett suggested that Ms. Lewis discuss these issues with the owner/tenant of the business. It was suggested that the Agenda item be passed temporarily to allow Ms. Lewis to contact her mother (Mrs. Lewis [mother]). Ms. Lewis (daughter) excused herself from the meeting to confer. Ms. Lewis returned after conferring with Ms. Carol Lewis, Owner of *Violet's*, and they agreed (1) to waive or forego any request for rent abatement caused by the scaffolding or construction work and (2) to only request a waiver of percentage rents for November, 2014, December, 2014, and the portion of January, 2015 that is affected by the scaffolding. They voluntarily withdrew their request for any rent abatement. Ms. Lewis said they love the building and support the preservation of the building but the waiver for those months will help their bottom line greatly.

Mr. M. Davis asked about interruption insurance but they were told that unless there has been damage to the building, they cannot get it.

Mr. Kelly made a MOTION to defer *Violet's* request for waiver overages for approximately 6 months, or one month after total completion of the roofing project, whichever is earlier. He said we can revisit the issue when we see if the other tenants will be affected by the scaffolding and to what extent. Mr. Woollam said we are facing some difficulties right now and he feels that this is a first discussion only and we need to look down the line and see what will happen with the other commercial tenants to avoid being locked into setting a precedent. Seconded by Mr. Woollam, the motion to defer on a decision to approve waiver of overages for *Violet's* until after completion of the roofing project. There were no public comments. The motion was **unanimously approved**.

5. Budget cuts

Mr. Tullos said that the administration in Baton Rouge has requested that the LSM cut \$298,366 from its mid-year budget. A proposed scenario prepared by staff is attached. Mr. Wheat said the State budget deficit is critical and LSM was asked to map out a short term scenario to address eventual additional cuts. Included in the request was that Irby should supplement the LSM budget \$75,000 for this fiscal year. Mr. Wheat proposed that Irby pay the LSM New Orleans properties' utilities to offset the projected cuts.

Mr. Wheat and Mr. Tullos presented a proposed balance sheet to address the proposed cuts. It included a request of \$75,000 from Irby. The request would be recurring.

The Members each expressed concern that such a request was not a one-time event and that the on-going use of Irby funds was of major concern and that it set a dangerous precedent.

Mr. Barnett remarked that this request to use Irby funds was mid-year only and that additional budget cuts could be levied by June 30 and then again next year.

The Members discussed closure of poor performing properties or changes to employee positions. It was asked of staff how many job vacancies existed and if any retirements were possible in the near future.

It was discussed that the Lt. Governor is very reluctant to close any Museums. He is looking for money and solutions.

Mr. Davis asked whether any internal reviews had been conducted. Mr. Davis asked staff for recommendations. LSM staff did an analysis of visitation at the Louisiana Historical Center and it showed visitation as less than nominal. The property may have 3 visitors a day. It was suggested that as an option to save money, perhaps, visitors could call to make an appointment to visit. The Members expressed some concern with that option as unrealistic. The Members again asked staff for other recommendations to save money and, with worst case scenario, what properties could or should be closed as not viable or too costly to maintain.

Mr. Tullos reported on the decrease on the number of employees since he took office. He reported that existing staff has picked up the slack since cuts began several years ago. He currently sees no bright future. He says that there is little else to cut. The Members briefly discussed self-generating funds, the LSM support groups and rentals of the various facilities. Staff suggested that if we continue to see event rentals rise, we can scale back the Irby request.

Mr. Tullos said looking at it from a business perspective, he would shut down the least performing properties but cautioned that Baton Rouge officials would have the final decision.

Mr. Wheat remarked that the \$75,000 request was out of profits and not an invasion of Irby principal. LSM is asking for \$75,000 out of only profits in Irby to set aside for utilities, but Mr. Wheat expressed hope that increased rental income would not cause a complete taking of the entire \$75,000.

Mr. Wheat further explained how the CRT was requesting budgetary proposals to reduce spending by various amounts. The amounts had changed and, each time, the Museum had had to create a new proposal. Mr. Wheat expressed his opinion that the one presented to Irby this day met the requirements by committing a \$75,000 contribution from Irby.

Mr. Wheat explained that it was needed to show a viable budget but that, as in the past, savings would be made during the year that would obviate Irby having to meet its pledge.

Mr. Wheat's proposal did not satisfy the Members and it was suggested that a different plan be made with the necessary cuts being found in the museum operations and, when the savings were made, those cuts would then be unnecessary.

It was the unanimous vocal consensus of the Members that Irby funds should not be used in such a manner.

Each Irby/Finance Committee member again expressed concern with the proposal and, as no formal motion was made to commit a \$75,000 contribution from Irby funds, no formal vote was taken.

The Meeting was adjourned for lack of a quorum when Dr. Powell departed.